

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

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O 151015Z JUN 74

FM AMEMBSSY BUCHAREST

TO SECSTATE WASHDC IMMEDIATE 9049

LIMITED OFFICIAL USE BUCHAREST 2574

E.O. 11652: N/A

TAGS: EFIN, RO

SUBJ: IBRD LOANS AND DOLLAR BONDS

REF: A) STATE 127756 B) BUCHAREST 2564 C) STATE 126508

1. MACOVESCU CALLED ME IN THIS MORNING TO PROPOSE A THREE PART "DEAL." 1) THERE BE NO EXPLICIT CONNECTION BETWEEN THE IBRD LOANS AND THE DOLLAR BONDS (HE TALKED HERE ABOUT ROMANIAN FEARS THAT IT APPEAR PUBLICALLY TO HAVE BOWED TO U.S. PRESSURE WITH SERIOUS CONSEQUENCES THIS WOULD HAVE FOR ROMANIAN RELATIONS WITH "OTHERS" (SOVIETS). 2) GOR OFFICIALLY DECLARES ITS PLAN TO ENTER INTO "SERIOUS AND THOROUGH" NEGOTIATIONS WITH BOND HOLDERS COUNCIL NO LATER THAN JULY 15 AND HOPEFULLY STILL EARLIER IN JULY WITH THE INTENTION OF REACHING A SETTLEMENT OF THE DOLLAR BONDS PROBLEM AS SOON AS POSSIBLE. 3) U.S. WOULD SUPPORT ROMANIAN APPLICATION FOR LOANS AT IBRD JUNE 27 MEETING.

2. MACOVESCU SAID THIS PACKAGE APPROACH WAS INTENDED TO BE RESPONSIVE TO SOME OF THE ASPECTS OF THE PROBLEM TOUCHED ON DURING ASSISTANT SECRETARY HARTMAN'S DISCUSSION JUNE 14 WITH BOGDAN
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(REF A).

3. MACOVESCU HAS JUST PHONED ME TO ADD FURTHER ELEMENT. WHEN DISCUSSIONS OPEN WITH THE BONDHOLDERS COUNCIL THE ROMANIAN SIDE WILL OFFER TO PAY AN ADVANCE SUM OF 200-400 THOUSAND DOLLARS. THIS IS RESPONSIVE TO THE COUNCIL'S PROPOSAL FOR AN INTERIM PAYMENT AS MEANS OF BRINGING FORTH UNKNOWN BONDHOLDERS (REFTEL C). NEGOTIATIONS WOULD OF COURSE PROCEED AT ONCE ON THE BASIC PROBLEM OF THE CLAIMS.

4. COMMENT: I BELIEVE WE SHOULD ACCEPT MACOVESCU'S "DEAL" SINCE HIS OFFICIAL STATEMENT ON BEGINNING SERIOUS NEGOTIATIONS WITH BONDHOLDERS COUNCIL AND THE ADVANCE PAYMENT PROPOSAL DO REPRESENT THE SORT OF TANGIBLE PROGRESS WE HAVE SO LONG BEEN SEEKING. (HAVING BEEN INVOLVED IN THE 1960 CLAIMS NEGOTIATIONS HIMSELF AND HAVING SOUGHT UNSUCCESSFULLY THEN TO HAVE THE BONDHOLDERS PROBLEM RESOLVED ALONG WITH ALL THE OTHER CLAIMS, MACOVESCU PROBABLY HAS PERSONAL INTEREST IN SETTLING THIS VESTIGE, AS HE PUT IT.) SINCE I GATHER ALL OUR DISCUSSIONS WITH THE IBRD HAVE BEEN CONFIDENTIAL THERE SHOULD BE NO PROBLEM IN OUR NOT MAKING A PUBLIC EXPLICIT LINK BETWEEN THE IBRD LOANS AND THE BONDS.

5. WOULD APPRECIATE POSITIVE RESPONSE MONDAY IF POSSIBLE.
BARNES

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